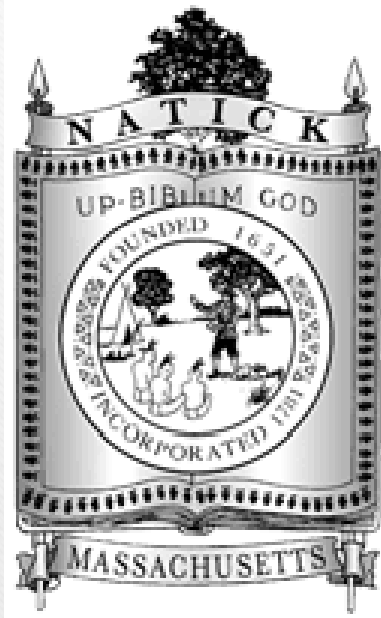


Fiscal Year 2015 Tax Classification Hearing



Jan Dangelo, MAA
Director of Assessing

November 17, 2014

Fiscal Year 2015

Tax Classification Hearing

The purpose of the classification hearing is to determine the percentage share of the tax levy that each class of property will pay.

The Board of Selectman vote that split.

The minimum residential factor is determined by the make up of the tax base. This factor allows the Board of Selectmen to shift the burden towards Commercial & Industrial taxpayers to a maximum of 1.50.

The adopted percentage is then used by the Assessors to determine the tax levy paid by each class of property and calculate the tax rate.

Property Assessment Review

The residential market continues to experience a steady increase. We have seen an approximate five to seven percent (5-7%) increase in calendar year 2013 sales.

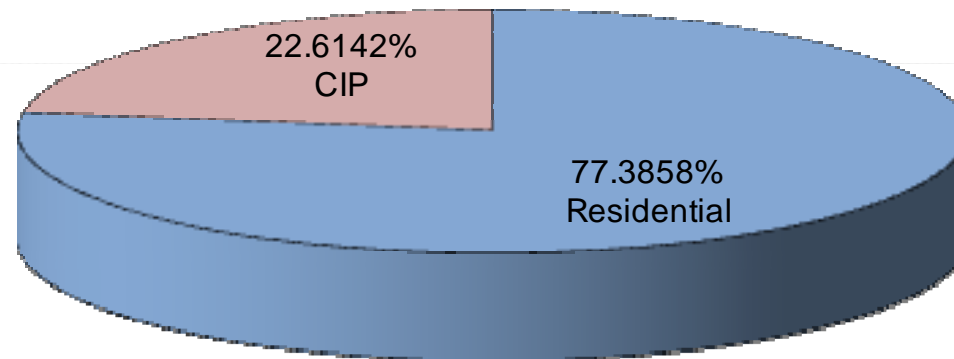
The average single family assessment increased from \$455,470 to \$479,760. Reflecting the desirability of properties in the Town of Natick; if a single tax rate is adopted by the Board of Selectmen we will see an increase of \$171.72 to the average single family tax bill. However, the tax rate will decrease by thirty-six cents per thousand (\$0.36) .

Property Assessment Review

Although commercial, industrial, and personal property values increased; there has been a slight shift to residential properties. This shift is less than 1/2 percent ($< 0.41\%$).

	Residential	CIP
Fiscal Year 2014	76.9723%	23.0277%
Fiscal Year 2015	77.3858%	22.6142%
Shift	00.4135%	-00.4135%

Classification Percentages



New Growth

New Growth Value was certified and approved by the Dept. of Revenue on October 17th, 2014 at:

Seventy-nine million six-hundred five thousand four hundred thirty-four.

79,605,434

The major factors contributing to this total are:

Real Property (72,051,450)

Condominiums – 98 units	30,435,300
Single Family Homes – 27	16,574,100
Additions / Other Improvements	18,974,550
Walnut Place (Apartments) – 41 units	6,067,500

Personal Property (7,553,984)

Various Accounts	5,930,279
NSTAR (Gas)	1,623,705

Levy Limit Calculation

TO CALCULATE THE FY2015 LEVY LIMIT

A. FY2014 Levy Limit	89,191,083	
A1 ADD Amended FY2014 Growth	0	
B. ADD (A + A1) X 2.5%	2,229,777	
C. ADD FY2015 New Growth	1,128,804	
D. ADD FY2015 Override		
E. FY2015 Subtotal	92,549,664	
F. FY2015 Levy Ceiling	174,621,223	\$ 92,549,664
		FY2015 Levy Limit

TO CALCULATE THE FY2015 MAXIMUM ALLOWABLE LEVY

A. FY2015 Levy Limit	92,549,664	
B. FY2015 Debt Exclusion(s)	4,215,216	
C. FY2015 Capital Expenditure Exclusion(s)		
D. FY2015 Stabilization Fund Override		
E. FY2015 Other Adjustment		
F. FY2015 Water / Sewer		
G. FY2015 Maximum Allowable Levy		\$96,794,880

MAXIMUM LEVY

Maximum Allowable Levy

The maximum levy allowed for
fiscal year 2015 is
\$96,794,880

(This includes the debt exclusion of \$4,215,216)

Excess Levy Capacity

$$\begin{array}{rclcl} \text{(Levy Limit} & - & \text{(Actual Levy)} & = & \text{(Excess Levy)} \\ \text{+ Debt Exclusion)} & & & & \\ \$96,764,880 & - & \$96,530,611.80 & = & \$234,268.20 \\ \text{(Maximum Levy)} & & & & \end{array}$$

This years Excess Levy capacity is \$234,268.20

This is the difference between the Maximum
Levy and our Actual Levy.

Residential Factor

The minimum residential factor is 85.3887%.

This is the factor that would allow a split tax rate toward the CIP class up to 150%. This would increase the commercial tax rate by \$6.88 per thousand and reduce the residential rate by \$2.05 per thousand.

A residential factor of 1.00 will maintain a single tax rate. A residential factor below 1.00 will result in a split tax rate.

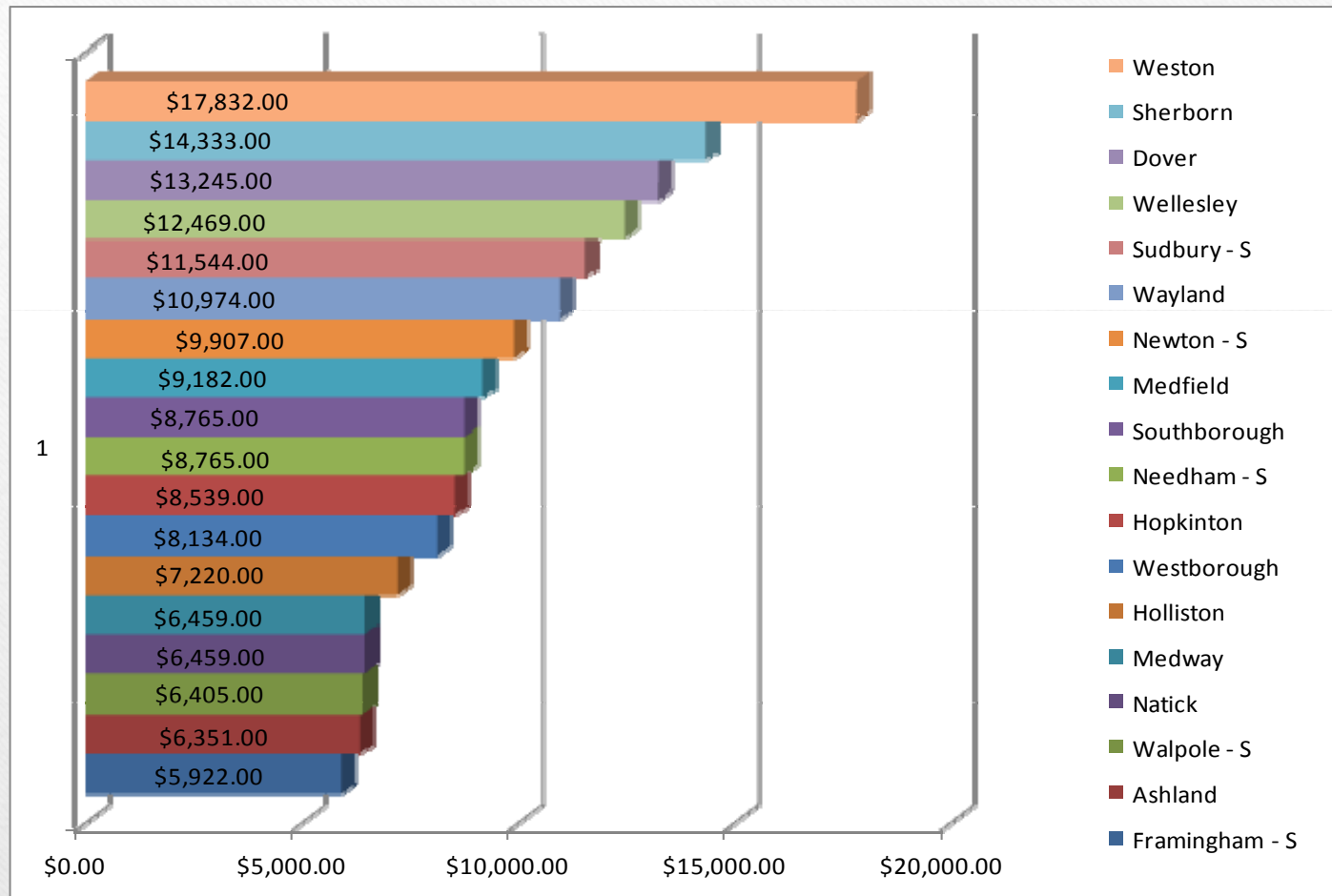
In FY2014, 110 of 351 communities elected to split the tax rate.

Classification Impact Examples

Type	Typical Property	Assessmt	Tax Levy Shift					
			100%	110%	120%	130%	140%	150%
Resid	Condo	250,000	\$ 3,455	\$ 3,355	\$ 3,253	\$ 3,153	\$ 3,050	\$ 2,950
Resid	Single or Multi	500,000	\$ 6,910	\$ 6,710	\$ 6,505	\$ 6,305	\$ 6,100	\$ 5,900
Resid	Single Family	750,000	\$ 10,365	\$ 10,065	\$ 9,758	\$ 9,458	\$ 9,150	\$ 8,850
Resid	Single Family	1,250,000	\$ 17,275	\$ 16,775	\$ 16,263	\$ 15,763	\$ 15,250	\$ 14,750
Resid	Sm. Apartment	1,500,000	\$ 20,730	\$ 20,130	\$ 19,515	\$ 18,915	\$ 18,300	\$ 17,700
Resid	Lg. Apartment	15,000,000	\$ 207,300	\$ 201,300	\$ 195,150	\$ 189,150	\$ 183,000	\$ 177,000
Comm	Gas Station	750,000	\$ 10,365	\$ 11,400	\$ 12,435	\$ 13,478	\$ 14,513	\$ 15,548
Comm	Small Retail	1,250,000	\$ 17,275	\$ 19,000	\$ 20,725	\$ 22,463	\$ 24,188	\$ 25,913
Comm	Office Bldg	40,000,000	\$ 552,800	\$ 608,000	\$ 663,200	\$ 718,800	\$ 774,000	\$ 829,200
Comm	Retail Mall	405,000,000	\$5,597,100	\$6,156,000	\$6,714,900	\$7,277,850	\$7,836,750	\$8,395,650
Mixed Use	Resid w/Office	1,250,000	\$ 17,275	\$ 17,888	\$ 18,494	\$ 19,113	\$ 19,719	\$ 20,331
Residential Change				-2.89%	-5.86%	-8.76%	-11.72%	-14.62%
Commercial Change				9.99%	19.97%	30.03%	40.01%	50.00%
Mixed Use Change				3.55%	7.05%	10.64%	14.15%	17.69%

Single Family Tax Bill Comparison

Fiscal Year 2014



Residential Exemption

The board may also adopt a residential exemption of up to 20% of the average value of ALL residential properties. The residential class average value is \$420,775.

The residential exemption shifts the tax burden within the residential class. It does not split the tax rate. Non-owner occupied and many residential properties would actually pay a higher tax.

The residential exemption works well in communities with a high percentage of non-resident property owners such as the Cape and communities with a large number of apartments and rental units.

Natick does not have a high percentage of non-resident owners.

This exemption does not make sense for a community like Natick.

Residential Exemption Examples

Selected Exemption

Residential Exemption

Residential Tax Rate

Commercial Tax Rate

0	5.00%	10.00%	15.00%	20.00%
\$0	\$21,039	\$42,078	\$63,116	\$84,155
13.82	14.25	14.70	15.18	15.70
13.82	13.82	13.82	13.82	13.82

	Assess	Tax	Tax	Tax	Tax	Tax
Owner Occupied Home	400,000.00	5,528.00	5,400.19	5,261.45	5,113.90	4,958.77
Commercial	400,000.00	5,528.00	5,528.00	5,528.00	5,528.00	5,528.00
Non Occupied Home	400,000.00	5,528.00	5,700.00	5,880.00	6,072.00	6,280.00
Vacant Land	400,000.00	5,528.00	5,700.00	5,880.00	6,072.00	6,280.00
Owner Occupied Home	800,000.00	11,056.00	11,100.19	11,141.45	11,185.90	11,238.77
Commercial	800,000.00	11,056.00	11,056.00	11,056.00	11,056.00	11,056.00
Non Occupied Home	800,000.00	11,056.00	11,400.00	11,760.00	12,144.00	12,560.00
Apartment	2,500,000.00	34,550.00	35,625.00	36,750.00	37,950.00	39,250.00
Commercial	2,500,000.00	34,550.00	34,550.00	34,550.00	34,550.00	34,550.00

Residential Exemption

Fourteen communities* adopted a residential exemption in 2014.

Barnstable	Everett	Somerville
Boston	Malden	Tisbury
Brookline	Nantucket	Waltham
Cambridge	Somerset	Watertown
Chelsea	West Barnstable Fire	

*Includes Fire District

Owner occupied condominiums in West Natick would benefit most from a residential exemption.

Small Commercial Exemption

The board may also approve a small commercial exemption of up to 10%.

This is only available to businesses that employ less than 10 people annually (as certified by the Department of Labor and Workforce Development) and are situated in a building that is valued less than \$1,000,000.

All businesses at the property must qualify. Approximately 20 properties may qualify.

Small Commercial Exemption

Ten communities adopted a small commercial exemption in 2014.

Auburn	New Ashford
Avon	Seekonk
Bellingham	Somerset
Braintree	Westford
Dartmouth	Wrentham

Adopting a small commercial exemption without classifying taxes would result in an effective tax rate for some commercial properties that is less than the residential rate.

Again, this exemption does not make sense for our community.

Projected Tax Rate

➤ A Projected Tax Rate for Fiscal Year 2015 would be:

\$13.82*

*If the Selectmen vote a Residential
Factor of 1.0

Talking Taxes..

If Natick maintains a single tax rate, we can expect the following:

- We have projected an increase to the Average Single Family Tax Bill of \$171.72. This increase is less than what taxpayers experienced in FY2014. In FY2014 the average tax increase was \$242.17. This is a difference of \$70.45.
- Natick's Top 10 Commercial Taxpayers will collectively contribute ten million seven hundred forty-nine thousand three hundred nineteen dollars (\$10,749,319) in taxes for Fiscal Year 2015 (This includes Personal Property)
- The Top 10 Taxpayers contribute 11.14% of Natick's Total Tax Levy

In Conclusion I am asking the Board to vote.

1. The board must adopt a residential factor.

A residential factor of 1.00;
will result in a single tax rate.

A residential factor less than 1.00;
will result in a split tax rate.

The Board may also consider:

1. A residential exemption.

and/or

2. A small commercial exemption.

Typically the exemptions above are found in communities that split the tax rate or that have a large percentage of rental or absentee owners.

Thank You

Jan Dangelo, MAA
Director of Assessing

TOP 10 TAXPAYERS – FISCAL YEAR 2015

REAL ESTATE OWNER	REAL ESTATE VALUE	REAL ESTATE TAXES	PERSONAL PROPERTY VALUE	PERSONAL PROPERTY TAXES	FY2015 ASSESSED TOTAL	TOTAL TAXES (RE & PP)
GENERAL GROWTH PROPERTIES (NATICK MALL)	\$ 282,682,100	\$ 3,906,667	\$ 1,959,970	\$ 27,087	\$ 284,642,070	\$ 3,933,753
MATHWORKS INC (INCLUDES BOSTON SCIENTIFIC)	\$ 174,348,500	\$ 2,409,496	\$ 484,550	\$ 6,696	\$ 173,869,950	\$ 2,416,193
HC ATLANTIC DEVELOPMENT LP	\$ 65,015,500	\$ 898,514			\$ 65,015,500	\$ 898,514
AVALON NATICK LLC	\$ 57,789,600	\$ 798,652	\$ 23,310	\$ 322.00	\$ 57,812,910	\$ 798,974
COGNEX CORPORATION	\$ 39,501,600	\$ 545,912			\$ 39,501,600	\$ 545,912
DDH HOTEL LLC	\$ 36,145,400	\$ 499,529	\$ 726,890	\$ 10,046	\$ 36,872,290	\$ 509,575
FRANCHI PASQUALE	\$ 32,750,100	\$ 452,606	\$ 15,140	\$ 209.00	\$ 32,765,240	\$ 452,816
NATICK VILLAGE INVESTMENT LTD PARTNERSHIP	\$ 31,818,000	\$ 439,725			\$ 31,818,000	\$ 439,725
TJX COMPANIES INC	\$ 27,827,600	\$ 384,577	\$ 53,140	\$ 734.00	\$ 27,880,740	\$ 385,312
FEDERATED DEPT STORES	\$ 26,584,400	\$ 367,396	\$ 83,130	\$ 1,149	\$ 26,667,530	\$ 368,545
	\$ 774,462,800	\$ 10,703,076	\$ 3,346,130	\$ 46,244	\$ 777,808,930	\$ 10,749,319

TOP 10 TAXPAYER PERCENT OF LEVY = 11.14%